Supreme Court, U.S.
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JOSEPH F. SPANIOL, JR.
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No. 87-11

**IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM 1987**

MOR-FLO INDUSTRIES, INC., and
AMERICAN APPLIANCE MFG. CORP.,

Petitioners,

vs.

STATE INDUSTRIES, INC.

Respondent.

**ON WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

BRIEF FOR RESPONDENT

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STATEMENT PURSUANT TO RULE 28.1

State Industries, Inc. is a privately held corporation with a single wholly-owned subsidiary.

TABLE OF AUTHORITIES

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South Corp. v. United States, 690 F.2d 1368, 215 USPQ 657, 1 Fed. Cir. (T) 1 (1982).....4

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STATEMENT OF THE CASE

Mor-Flo's statement of the case omits a significant fact which in itself is a sufficient reason for denial of the writ.

Both the District Court and the Court of Appeals for the Federal Circuit rejected Mor-Flo's "on sale" defense for <u>two separate and independent reasons</u>.

One reason was that Mor-Flo had failed to prove with clear and convincing evidence that State's patented method was reduced to practice prior to the critical date. This is the only reason mentioned in Mor-Flo's petition.

However, there was a separate second reason for rejecting the "on sale" defense. Such second reason is that the product alleged to be a reduction to practice was not produced by the patented method.

The statement by the Court of

Appeals setting forth the two reasons is as follows (A2):

> "The district court rejected Mor-Flo's on sale defense because it found that Mor-Flo had failed to carry its burden of proof on the issues whether the product offered for sale was produced by the patented process, and whether the method was reduced to practice before the critical date."

The Court of Appeals reviewed and approved both of the reasons relied on by the District Court in its rejection of the "on sale" defense and concluded as follows (A6):

> "Mor-Flo has failed to show that the district court committed error in rejecting Mor-Flo's section 102(b) defense."

REASONS WHY THE WRIT SHOULD BE DENIED

Reason No. 1

As indicated above, Mor-Flo's "on sale" defense was rejected not only because there was a failure to prove a reduction to practice but in addition because the alleged experimental product was clearly not made by

the patented method. Thus, as to this second reason there is no clear cut conflict between the present case and the subsequent decision relied on by Mor-Flo namely UMC Electronics Co. v. United States, 816 F.2d 647 (Fed. Cir. 1987).

Mor-Flo's "reduction to practice" argument in support of its position does not apply to this second and independent basis for the rejection of the "on sale" bar in this case and thus the holding is not in conflict with UMC Electronics Co. v. United States, supra.

Reason No. 2

As stated in footnote 11 in UMC Electronics Co. v. United States, supra, it was noted as follows:

> "Prior to release of this opinion, an active judge called for a vote for en banc consideration. The request failed to receive a favorable majority of the votes of the active judges."

The Court of Appeals for the Federal Circuit has held that its prior decisions and the prior decisions of its predecessor courts cannot be overruled except by the Court sitting en banc. South Corp. v. United States, 690 F.2d 1368, 215 USPQ 657, 1 Fed. Cir. (T) 1 (1982).

Accordingly, at the time of this writing the Court of Appeals for the Federal Circuit is on record as holding that UMC Electronics v. United States, supra does not overrule prior decisions on the reduction to practice issue and thus Mor-Flo's sole basis for its petition is without merit.

Reason No. 3

Mor-Flo in its petition correctly notes (page 5) that "UMC filed a Petition for Rehearing which was denied on June 29, 1987." However, Mor-Flo failed to note that on May 12, 1987 UMC filed a "Petition To the United

States Court of Appeals For The Federal Circuit For Rehearing Under FRAP 40 And Suggestion For Rehearing **In Banc** On The Issue Of 'On Sale' In View Of 35 U.S.C. § 102(b) Under FRAP 35". As of this writing UMC's petition is still pending and thus the reported decision of UMC Electronics v. United States, supra, upon which Mor-Flo relies has not been finally adjudicated.

Reason No. 4

Mor-Flo's only stated reason in support of its petition is that the present decision of the Court of Appeals is in conflict with a subsequent decision by the same Court, namely UMC Electronics v. United States, supra. Such "conflict of decisions" reason is not listed in Supreme Court Rule 17 which states the considerations governing review on certiorari.

CONCLUSION

For the reasons stated it is respectfully requested that Mor-Flo's petition for a writ of certiorari be denied.

Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that one copy of the foregoing BRIEF FOR RESPONDENT was served by first class mail, postage pre-paid on John H. Hofeldt, Haight & Hofeldt, 55 East Street, 3614 Mid-Continental Plaza, Chicago, Illinois 60603, attorneys for Petitioners, this 29th day of July, 1987.

Paul R. Puerner

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